The Sustainability Approach of Romanian Agriculture

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ABSTRACT  Transition in Romania has been perceived in an original way by the structures of society, social and political factors, but mainly by the economic one. Romanian society has been deprived of the existence of market economy for a long period of time; this made the transition period from statistic economy to a capitalist, market one to acquire some specific coordinates such as: high social costs, poor adaptability of the labour force to the requirements of market economy; low efficiency of economic sectors in relation to the economy of developed countries; lack of correlation between work productivity and salary requirements; unequal development of regions of the country, leading to greater social and economic disparities, reduced capacity to attract private investments; existence of the development gap between rural and urban environment; inadaptability of educational and health system to the current requests of economic and social development; irrational exploitation of natural resources, the high share of underground economy in GDP.

KEY WORDS  Agriculture policy, environment, sustainability, investments

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1. Introduction

In this context, guiding Romanian economy towards agriculture plays an important role, as main action of remodelling the Romanian economic interest to increase economic performance, in terms of the existence of some factors favourable to the efficient development of agriculture: the endowment with natural resources, cheap labour force, complementarily between crops specific to each agricultural region, climatic conditions, labour force behaviour consisting of a set of traditions, customs, folk beliefs, the favourable impact towards the development trends of developed regions. However, there is a significant gap compared to the developed regions, which requires a joint effort of public institutions, media, civil society, educational and health system in order to increase the level of rural development.

2. Literature Review

Agriculture is a complex issue, with multiple openings and interaction with all sectors of economic and social development. Implications of modern agriculture, with a reasonable yield, are crucial to reduce integration costs and maximize positive effects. Decentralization and decollectivization in agriculture in the context of a land legislation deficit, the breakdown between
collectivization – privatization and farmers’ economical organization determined ways of manifesting the agricultural crisis in Romania. In the market economy, financing in agriculture plays a significant role in carrying out the flux of the economic activity in view of producing agricultural goods and services specific to this sector. In our country, during the transition period, financing the agriculture has been accomplished by means of own resources of agricultural enterprises and farms, budget state support, credits, non-reimbursable external funds as well as other type of resources.

3. Paper content
For the purposes of clarity, differentiated levels of subheading may be used, like the following: An increase of investments in Romanian economy is a necessity, both for agriculture and all sectors of economy as a whole. In this respect, a lack of several factors that favour the investment is felt, such as: stability of fiscal environment, stimuli granted to producers in order to identify those business opportunities to increase the occupancy rate, on the one hand, and meet the needs market, on the other hand. At the same time, one cannot talk about the efficiency of some economic sectors if measures to increase labour productivity are not implemented, if technology is not applied in production processes, if measures to stimulate the demand for economic goods or to permanently increase competitive capacity of goods by improving their quality, are not taken. The process of corroborating these economic levers leads to a maintenance of economic goods on the market at a level of the selling price to ensure the achievement of that efficiency threshold meant to stimulate the offer, on both domestic and foreign market.

These investments should be accomplished according to the amount of existing and potential economic resources. According to the theory of economic absolute advantage, in case of production areas with high potential resources inefficiently exploited, the investments will be higher, taking into account several factors, including:

- ability to absorb economic goods produced by the existing market;
- the penetration level of goods produced on the market;
- possibility to increase relative market share of achieved products;
- opportunity to encourage market competition in order to reduce the sale price, as benefit to consumers;
- increase of occupancy rate in the area as well as of the collected budget revenues;
- possibility of creating a driving effect of investments in certain area;

The most affected economy sector, intensively feeling the lack of investments is agriculture; in Romania, agriculture is mainly pre-modern, failing in technical equipment which might increase labour and production productivity by implementing efficient irrigation system, by creating markets for entering the competition in favour of farming producers. Furthermore, agriculture is under-funded in Romania, with no specialized banks to take into account a number of features, such as regular and cyclical nature of agricultural work, product demand, the degree of perishability of products, production systems, system ownership, structure of employment in agriculture, or a mismatch between agricultural income and the existing living needs.

Romanian agriculture enjoys a high potential, but which does not generate added value because of lack of a strategic vision on medium and long term. This strategy should take into consideration the following items:
• conservation of production potential. In this respect, investments managed by public-private partnerships will be allocated to rebuild or build irrigation networks, providing technical capital to increase the agricultural productivity

• conservation and attracting labour force. Farmers in Romania are either aged or have no access to financial resources to start up economic activities. The main weaknesses of the agricultural population are the reduced possibilities of education, low skills, lack of adaptation of specific professional skills and abilities to current market agricultural products. In this respect, local authorities should support the educational system in rural areas together with facilities and incentives to attract labour in agriculture.

• development of networks processing agricultural products, as small or craft production family associations, complementary to medium to large farms.

• completion of legal accounts of agricultural population with a view to the possibility of accumulation of production factors to create medium and large dimensions farms

• agricultural land market establishment to form a real price of land production factor, to favour the accumulation and production.

• efficient competitive mechanisms of agricultural products so as to encourage local producers for the purposes of their access to markets.

• support for farmers through a system of subsidies linked to the actual cost of productive process

• possibility to access credits with preferential interest rates for farmers

• encouraging the practice of intensive agriculture on a large scale through mechanized means to increase productivity and achieve economies of scale.

• discourage simple practices that generate self-consumption, economic sluggishness, alteration of physical and mental health of the workforce.

• advancing agriculture to the rank of profitable efficient, activity, at the expense of the current attitude of marginalization, discrimination, degradation.

Romanian economy should be encouraged to exploit economic resources, without becoming self-sufficient; this would not even be possible in terms of consumption liberalization and especially when dealing with an integrated economy as the E.U. one.

Romanian agriculture has to make up for the numerous gaps in relation to the European Union caused, as noted, by the inefficient allocation of production factors because of an inelastic demand for agricultural products, or by the weather dependent pronounced character of Romanian agriculture, and economic policy mistakes that have been exacerbated in the first years after 1989. Agricultural policy before 1989 had a strong extensive character, the distribution and consumption process being ensured by a big market where centralized orientation was predominant. Post-December period has been marked by institutional chaos, especially legislative, causing restriction of production capacity for several reasons:

1. land fragmentation with negative consequences on the production capacity on the one hand and on the quality of achieved products, on the other.

2. the lack of funding in agriculture has caused a gap in technology and research development in the field, with consequences on the productive potential on medium and long term.
3. widening the disparities between rural and urban areas because of lack of no sufficient incomes in rural areas caused by the lack of a revenue stream to ensure the premises to meet the needs of living and sustainable economic development.

4. few opportunities for small producers to enter agricultural products markets. The agricultural market in Romania is an oligopolistic market imposing numerous barriers on small producers in both price and quality requirements imposed on agricultural products. This fact is exacerbated by the limited access of small producers to the financing means with a view to the growth and development of effective agricultural holdings.

5. Romania’s integration in the European Union has not managed yet to develop the interest of small producers in attracting material and financial resources, but to a small extent. In this case, information programs for rural population on the importance of attracting European funds for agricultural development on compatible basis with the European Union are needed, but also change people’s mentality in terms of attitude to work in agriculture: the high degree of labour substitution with the capital as production factor, the use of marketing techniques to streamline the distribution process of agricultural products, emphasizing the labour force in agriculture and attracting a large number of young people in agricultural processes.

6. Romania's integration in the European Union makes Romanian agriculture substitute with the common agricultural policy, which attracts both advantages and disadvantages. In this respect, Romania needs to improve its production capacity on competitive basis and in accordance with the common agricultural policy relying on the exploitation of comparative advantages in relation to other EU countries: an extended market of agricultural products, high productive potential, access to European funding to the extent that they are attracted.

In the context of the importance given to sustainable regional development, the process of restructuring agriculture and land-use planning in the light of environmental compliance, require a new approach to rural development. Thus, integrating Romanian agriculture into the common agricultural policy 'means':

- reducing the variation margin for prices of agricultural products by at least 10%;
- increase of investments in agro-food sector, one of the main benefits of the membership, due to the existence of cheap labour and some germs of food industries;
- increased exports of local products, specific to our country, appealing to a European market of 450 million consumers (such as honey, nuts, berries);
- imposing EU quality standards superior to the Romanian ones;
- increased incomes for farmers as a result of the support given through common agricultural policy and expected productivity gains;
- the adoption of complementary measures to streamline the land market and develop rural sectors, such as early retirement measures, aimed at rationalizing human and material resources attracted and used in rural areas to increase agricultural competitiveness and quality of life in rural areas.

- conversion of farms into commercial ones, according to a special program of the Ministry of Agriculture Forestry and Rural Development;

The European experience in Romanian agriculture is related to the enforcement of those regulations and quality standards to increase compatibility with the common agricultural policy, slightly felt in Romanian products competitiveness on European markets on a large scale, on the one hand and in increase of incomes from employment in the agriculture sector, on the other
hand; another aspect of the relationship between Romania and EU on agricultural coordinate is that of a niche market represented by traditional Romanian products fairs, crafts, eco products, thus offering a better image to Romania, without being a source of sustainability for Romanian agriculture.

In Romania courses of action are necessary to be taken in order to further increase the importance of agricultural sector, which would arise from:

1. to facilitate the transformation and modernization of the dual structure of agriculture and forestry, as well as related processing industries, to make them more competitive and contribute to the economic growth and convergence of incomes in rural areas (where possible), while ensuring the living conditions and environmental protection in these areas;

2. maintaining and improving the quality of the environment in the rural areas of Romania, by promoting a sustainable management on both agricultural and forestry areas;

3. management and facilitation for the labour force to pass from agriculture to other sectors ensuring them a suitable social and economic standard of living;

4. development of bio-production;

5. practice and development of agriculture through the extensive use of unconventional energy sources, consumerism as entries in the production process of biodegradable materials for protection and conservation of the natural environment.

4. Conclusions

The conclusions section shall cover three elements: (1) it shall summarize the main outcomes; (2) it shall undertake the implications of such outcomes; (3) suggestions for future researches. The way of meeting these requirements may lead to the implementation of the premises for sustainable economic development in the Romanian economy. The combination of perennial production factors (natural resources) with labour force specialization and adopting production and exploitation techniques of effective natural resources, supported by technology and applicability of research results in the field, can lead to viable economic results, without damaging the natural environment and the future generations’ chances of benefiting from a healthy natural environment.

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